

Health Care System and Health Care Security Board Summary of Meeting on December 18, 2002

The Health Care System and Health Care Security Board met on Wednesday, December 18th in Room 427, State House. Rep. Volenik chaired the meeting. The audio of the meeting was also broadcast through the website. The summary from the December 2nd meeting was approved.

Mathematica's Report on Feasibility of Single-Payer Health Care System

Rep. Volenik welcomed the Board's consultants, Deborah Chollet and Glen Mays of Mathematica Policy Research, to present the final results of the feasibility study.

Deborah Chollet and Glen Mays outlined the findings from the model. Several of those findings are highlighted below.

Base Case Projections

- In 2004 and 2008, Medicare becomes a larger payer for health care as Maine's population
- In 2004, approximately 96,000 Mainers are uninsured or about 7.4 % of population
- Total spending will reach \$8.4 billion in 2004; employers will pay \$2.8 billion
- Consumer spending equals 14% of total health care spending in 2004
- per capita costs are \$5567 in 2004 and \$7323 in 2008

Single Payer Projections

- Total spending for single-payer plans varies between 98% to 114% of the base case in 2004
- Consumer out of pocket costs decline to 1-5% of total health care spending
- Net costs of single-payer system varies from 92% and 107% of base case spending
- Net of baseline public-sector purchasing, single-payer system must finance 49-52% of total health care costs
- By 2008, the net cost of single-payer system declines to 36-48% of total health care costs
- Single-payer plan #3A achieves nearly 8% savings by 2008, but less than 2% in 2004
- No plan designs estimated achieve 5% savings by 2004

Mathematica's Conclusions

- Single-payer plan is feasible in Maine, but low cost sharing makes system more costly and maximizes the difficulty of financing
- Costs are moderately sensitive to use of managed care, administrative savings and constraint on cost growth
- Financing needs are significant, but less sensitive to administrative savings and cost growth than might be expected

Mathematica's Caveats and Research Needs

- Economic and financing modules are not integrated
- Distributional impacts are not estimated

- Estimates might be improved by (1) improved population data; (2) clearer understanding of insurer and provider administrative cost; (3) clearer understanding of access to care and population productivity; and (4) more detailed analysis of workforce needs and worker displacement.

Copies of the slide presentation made by Mathematica on the final results will be made available on the Board's website: www.state.me.us/legis/opla/hsboard.htm.

Board's Draft Report and Recommendations

Staff distributed a draft report with findings and recommendations. By decision of the Legislative Council, the Board's reporting deadline has been extended to March 3, 2003. However, the Council has asked that the Board submit an interim report on January 15th. The draft report prepared by staff proposed the following recommendations for consideration of the Board:

- The Health Security Board finds that a single-payer health care system is/is not economically feasible for Maine; and
- The Health Security Board recommends that the Legislature authorize the Board to continue its work to develop a transition and implementation plan for a single-payer health care system in Maine until June 30, 2003.

In addition, if the Board recommends a single-payer plan, staff suggested that the report identify the remaining issues that the Board needs to consider related to the establishment of a single-payer health plan, e.g., transition, governance and oversight, financing and benefit design. The Board will review the report and members have been asked to suggest their own findings and recommendations for consideration by other members at the next meeting.

Next Meeting

The next meeting of the Board will be held on Monday, January 6th from 9:30 am until 3:00 pm in Room 427 State House, Augusta. At that meeting, the Board will review and finalize its interim report and recommendations. The meeting will be "web-cast" so that members of the Board and the public can listen to the audio of the meeting off-site.